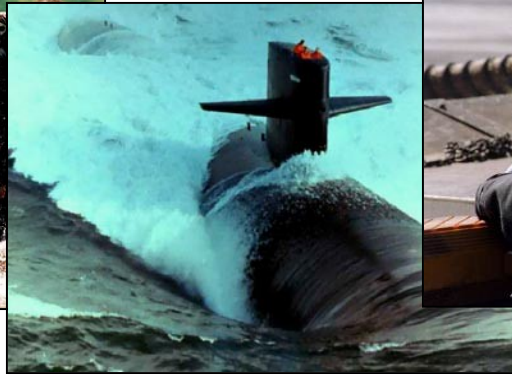




# BSM business systems modernization

---

delivering 21st century logistics



## A Briefing to the Army Science Board

**Mr. Jim Kimberly**  
**Business Systems Modernization (J-622)**  
**Information Operations**  
**[james-kimberly@hq.dla.mil](mailto:james-kimberly@hq.dla.mil)**



# Agenda

- **The BSM Program**
- **Business Process Reengineering**
- **Technical Solution**
- **Integrated Data Environment (IDE)**



# BSM Will Enable DLA To ...

- **Replace Legacy Systems with commercial-off-the-shelf (COTS) software**
- **Reengineer by fielding Best Practices**
- **Improve customer service by collaborating with customers**
- **Provide Best Value Solutions**
- **Provide the training, experience, and opportunity to succeed**

## **An “Agile**

## **Infrastructure”**

***“The adoption, within the DoD, of the best practices of the commercial market place, resulting in continuously improving logistics operations, cost savings/avoidance, and process cycle reductions.”***

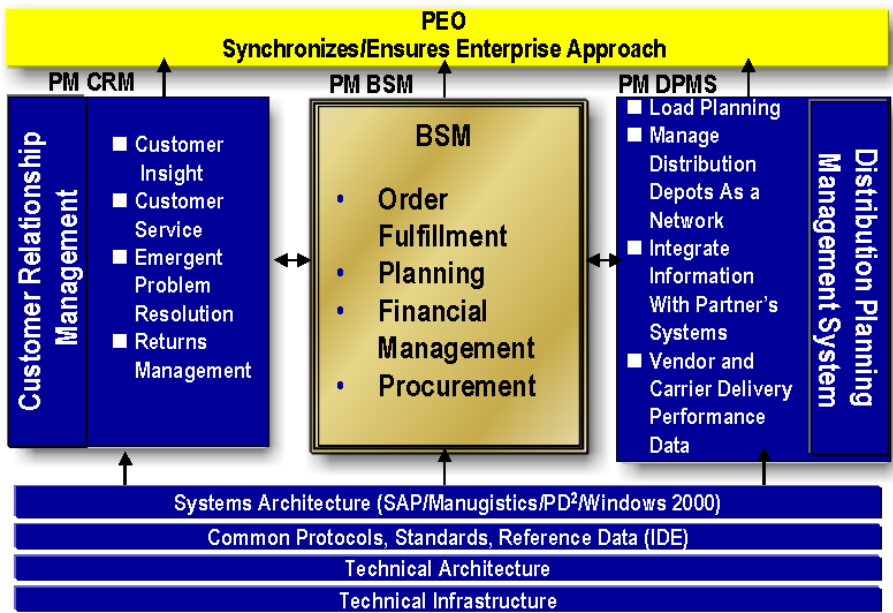
## **The BSM Vision**

**DLA’s mission-critical legacy systems are replaced with a new enterprise IT environment based on COTS software and best commercial practices**



# The BSM Strategy...

- **BSM Program: Supply (Less Energy)**
  - **Class I (Subsistence)**
  - **Class II (Clothing and Te**
  - **Class IV (Construction)**
  - **Class VIII (Medical)**
  - **Class IX (Repair Parts)**
- **Beyond the BSM Program:**
  - **Customer Relationship Management**
  - **Distribution Planning Management System**
  - **Map Mission COTS Project**
  - **Defense Reutilization and Marketing Service Integration Project**
- **Other Major Related Efforts**
  - **Catalog Reengineered System (CRS)**
  - **Engineering Support Automation (ESA)**
  - **Fuels Automated System (FAS)**





# BSM ... How We Got Here ...

**Jul 98**                      **SAMMS Re-Host  
eliminated as an option**

**Sep 98**                      **Modernization**                        
**Executive Board chartered**

**Sep 98-Jan 99**              **Course of Action**  
**Analysis**

**Jan 99**                      **Decision Point—**  
**Fundamental Change**  
**Option**

**Apr 99-Jul 99**              **Process**  
**Mapping/Requirements**  
**Decomposition**



# BSM ... How We Got Here...

## (Continued)

**Aug 99**

**COTS solution**

**Decision Point—**

**Sep 99-Dec 99**

**Refinement**

**Requirements**

**23 Nov 99**

**as valid by Joint Chiefs of Staff**

**Need was approved**

**18 Jul 00**

**Approved**

**Operational Requirement**



**01 Aug 00**

**Concept**

**Approval to enter**



# **BSM Acquisition Strategy**

- **Use of GSA Federal Supply Schedule contracts to obtain a total services and supply solution**
- **Targeted sourcing based on capability and experience with large, complex implementation and integration projects involving COTS ERP software**
- **Interaction with industry to finalize requirements and evaluation criteria**
- **Best value award**



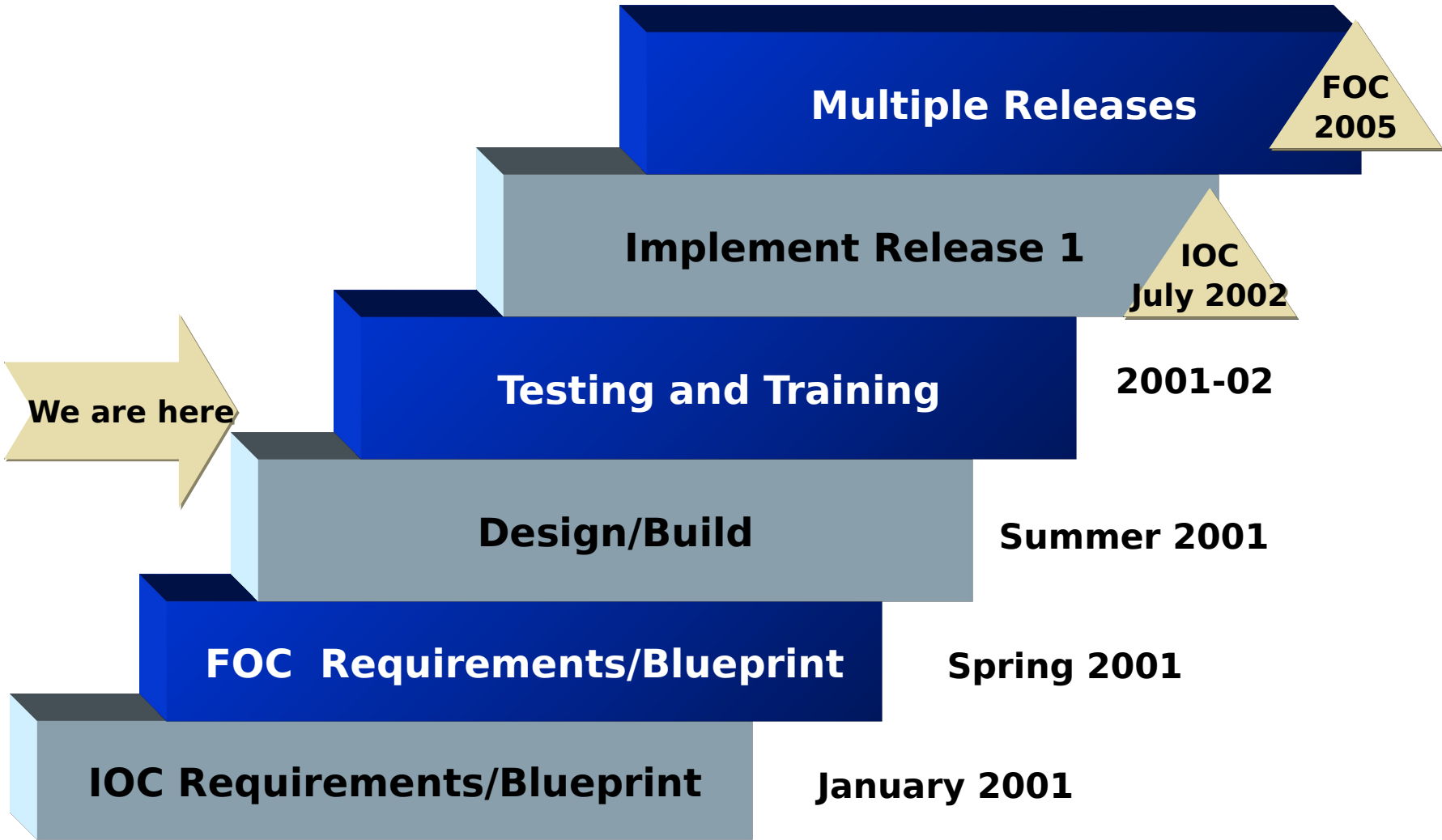
# Critical Success Factors

- ✓ **Key Performance Parameters and Key Performance Indicators (KPPs and KPIs) are met**
- ✓ **New business processes are in place and working**
- ✓ **Technology platform is stable and system meets availability requirements**
- ✓ **Users are able to do their jobs properly and effectively**
- ✓ **Customers are satisfied and able to use the system**
- ✓ **There is a smooth transition to production**



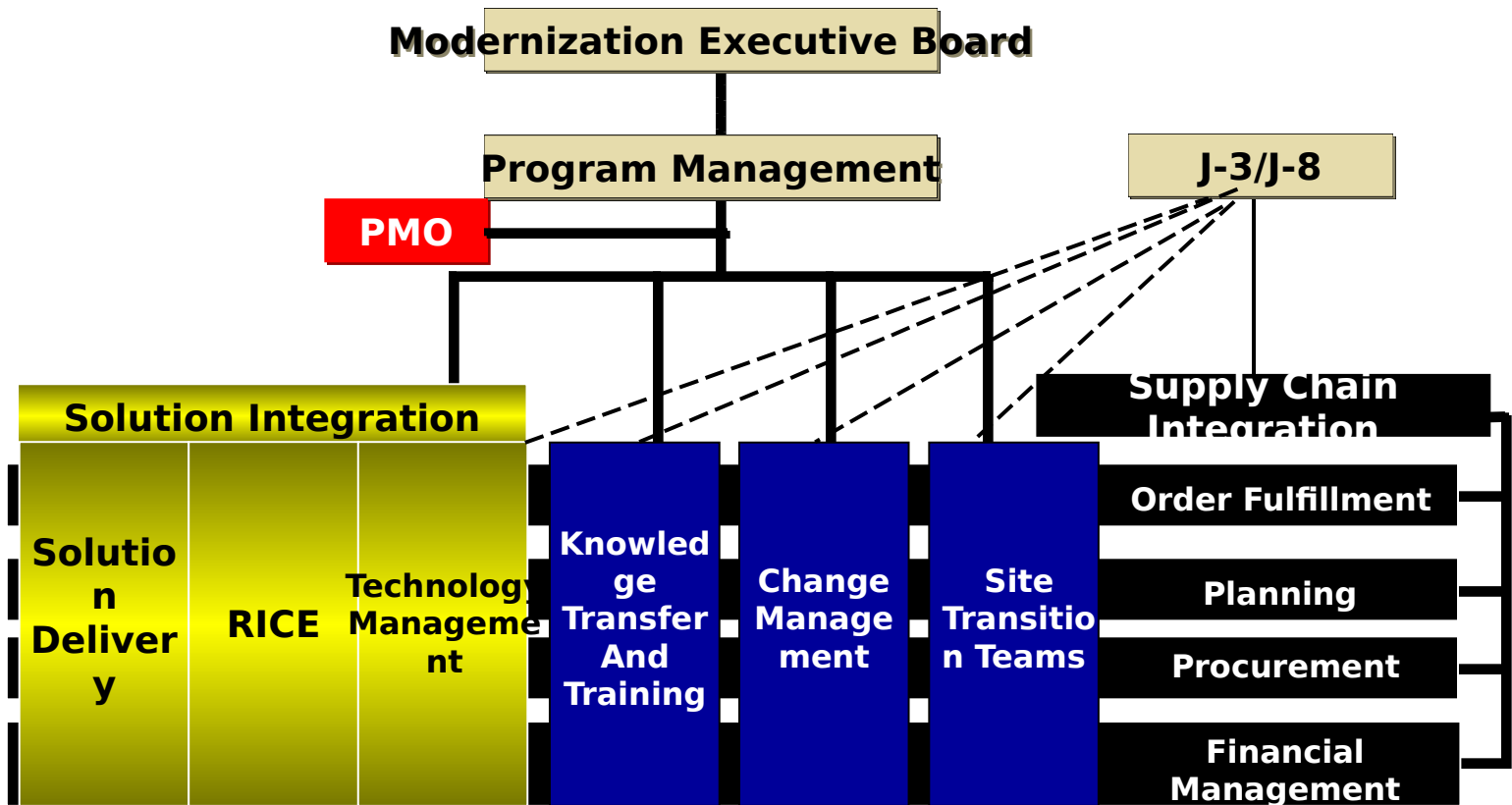


# BSM Timeline





# How We Do It.... Integrated Product Teams





# Corporate Commitment

Corporate Champion/  
Chair of

★★★ Director  
★★★ Vice Director (DV)    Executive Director (DE)

MEB Special Staff

A Support Service (DSS)

Human Resources (J-1)

Logistics Operations (J-3)

Information Operations (J-6)

Financial Operations (J-4)

Process Owners

Chief Reengineer

PEO

Process Owners

Process Owners

PM

Focus on Supply Chain, Enterprise Services and



# Solutions Integration Team

## Responsibilities

- Solutions Delivery Team Works With Process Blueprints to Configure, Build, and Test COTS Applications
- Reports, Interfaces, Conversions, and Extensions (RICE) Team Converts Data, Develops Reports and Interfaces, and Performs Other “Gap-filling” Development
- Technology Management Team Develops and Implements the Technical Architecture and Infrastructure to Support BSM Applications, and Provides Systems Administration

*DLA Lead: Jim Kimberly*

Solution Integration		
Solution Delivery	RICE	Technology Management

***Responsible for delivering an Integrated / Interoperable BSM Solution***



# Solutions Integration Methodology

*Furthering the Blueprint to Deliver Required So*

**Blueprint (Concept Demo and Full Operational Capability)**  
**The Requirement**



**Scenarios and Scripts - Solutions Delivery**



**Issue Resolution - Solutions Delivery and**



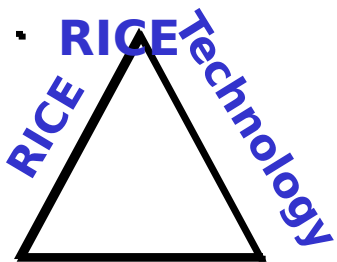
**Gap Definition - Solution Delivery and**

**Gap Resolution - All 3 Teams**

- Process Reengineering
- Extensions
- Conversions
- Interfaces / Bolt-ons

**Transition**

TEAM

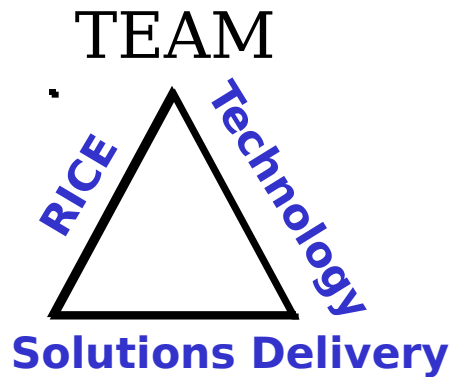


**Solutions Delivery**



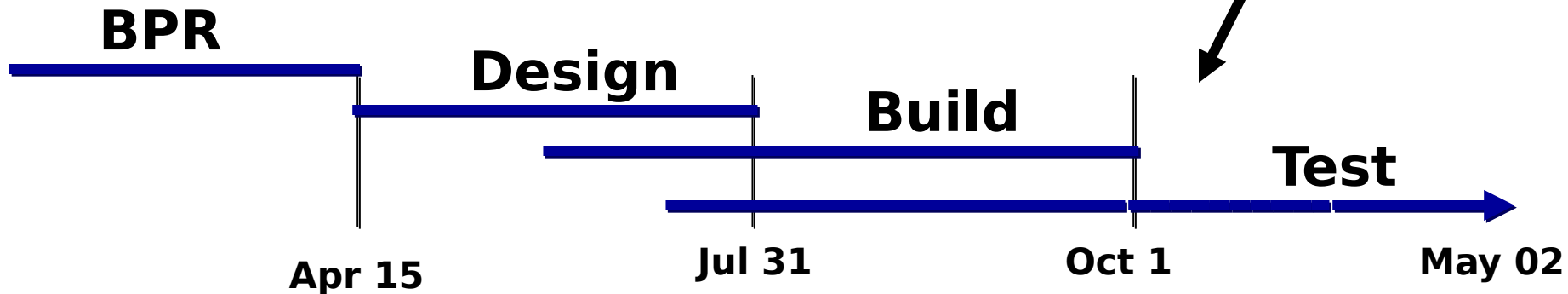
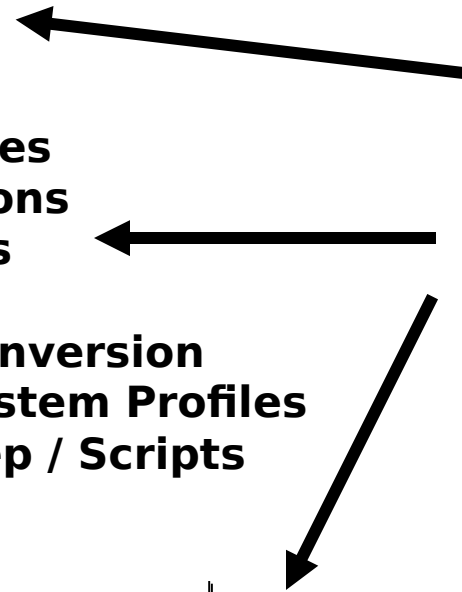
# Solutions Integration Methodology

*Furthering the Blueprint to Deliver Required So*



- Scenarios / Scripts
- Business Rules
- Application Config
- Master Data Config
- Gap Identification
- Gap Resolution
- Interfaces
- Extensions
- Bolt Ons
- Reports
- Data Conversion
- User System Profiles
- Test Prep / Scripts

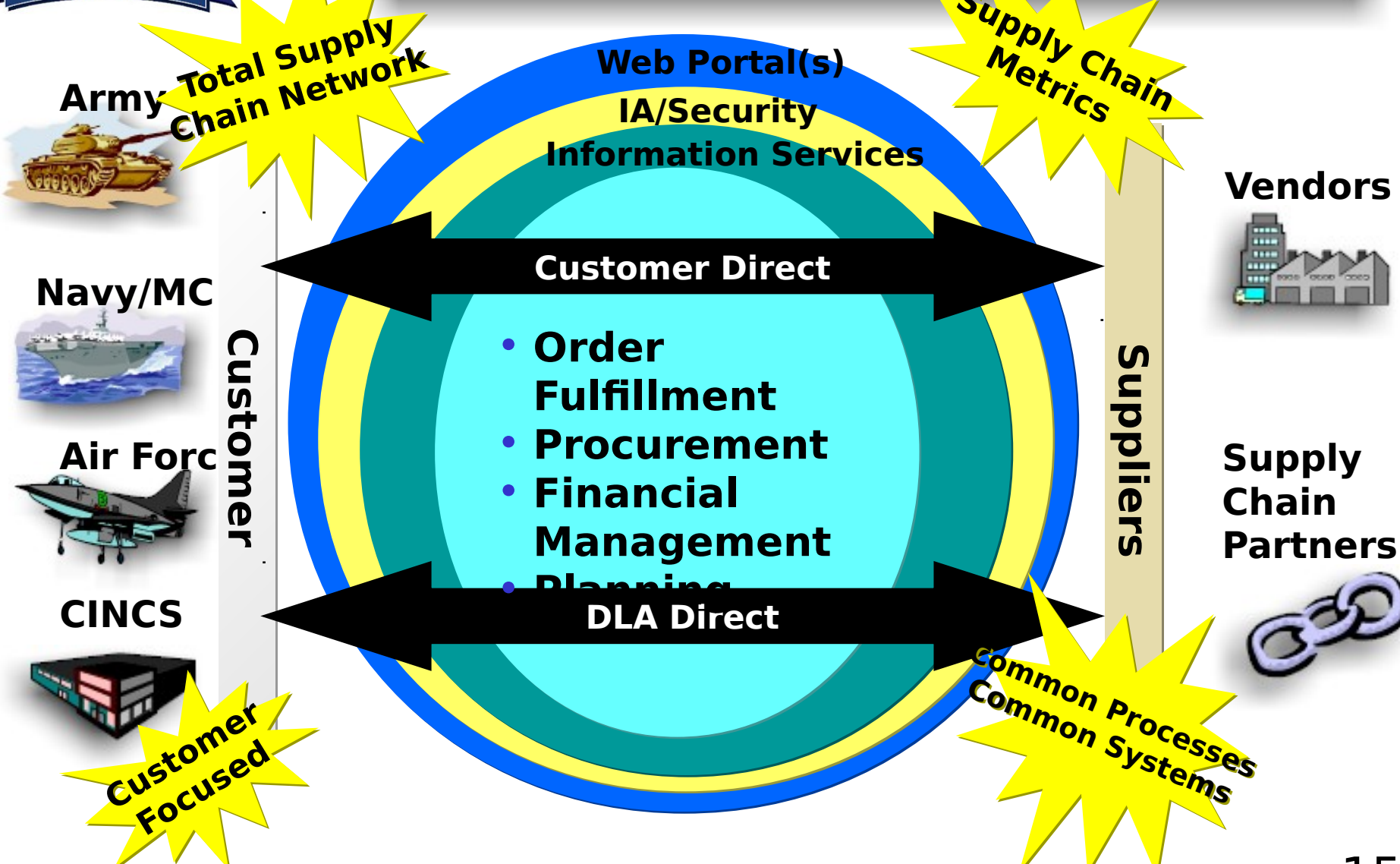
**Subject  
Matter  
Experts**





# BSM Business Blueprint

*The Core of DLA's Operational Architecture*

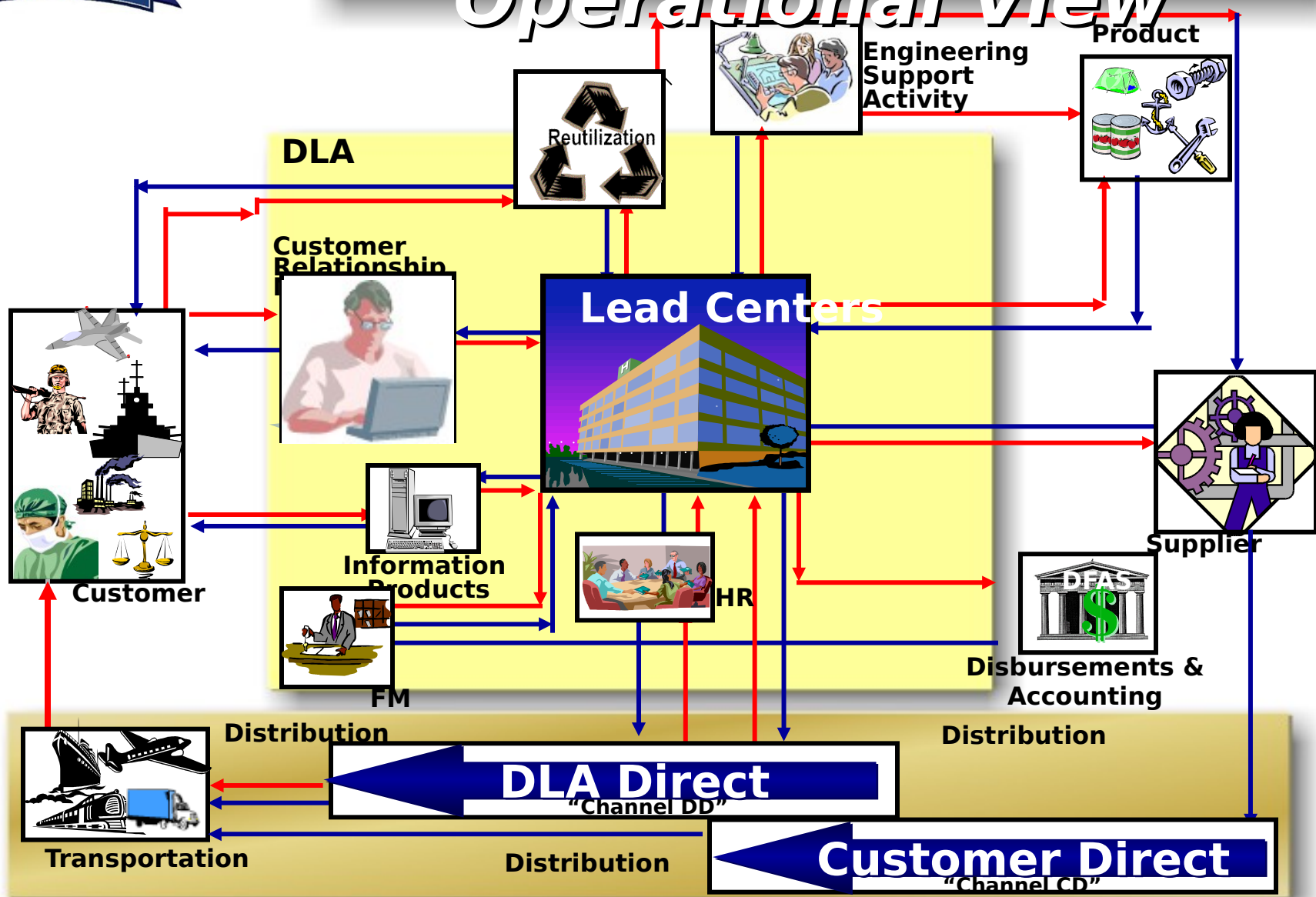






# DLA Enterprise Architecture

## Operational View







# The Process: Reengineer by Fielding Best Practices

<p><b>Planning</b></p> <ul style="list-style-type: none"> <li>• Demand by Customer</li> <li>• Collaboration</li> <li>• Time-phased Inventory</li> </ul>	<p><b>Order Fulfillment</b></p> <ul style="list-style-type: none"> <li>• Time Definite Delivery</li> <li>• Available to Promise</li> <li>• On-line Account Visibility</li> <li>• Variable Pricing</li> </ul>
<p><b>Procurement</b></p> <ul style="list-style-type: none"> <li>• Supplier Performance and Management</li> <li>• Capable to Promise</li> <li>• Web-based Procurement</li> <li>• Pay on Receipt</li> </ul>	<p><b>Financial</b></p> <ul style="list-style-type: none"> <li>• CFO Compliance</li> <li>• Financials Integrated With Business Transactions</li> <li>• Change in Inventory Valuation Methodology</li> </ul>

*Improve Customer Service by Collaborating w/Customers & Suppliers*

*Budget Based on Plans*

*Provide Best Value Solutions*



# Goal for Design/Build/Test/ Deliver Concept Demo Phase

- Deliver a fully operational, tested system and trained workforce
- Fully support existing customer commitments
- Deliver greater than 80% of the Functional Requirement in the O&M phase
- Incorporate improved capabilities within timeframes/resources

**Concept Demo Recommendation**

- Maritime Carrier and Sub Surface teams - LM-2500
- Terminal Lugs and Insulation Slewing
- Battle Dress Uniforms
- Pharmaceutical and Medical/Surgical Fleet Prime Vendor
- Garrison Feeding (PV Southeast Region, Food Service Equipment)
- Helicopter systems (UH-1, H-3, H-46, and H-53)

All ICPs involved  
Facilitates lead center  
Minimizes dual system users

#	<u>NSNs</u>	<u>Requisitions</u>	<u>Orders</u>	<u>Impacted Users</u>	<u>Customers</u>	<u>Suppliers</u>
TOTAL	146,420	217,485*	168,939	370	17,002	2,492

\*Figure based on a two-year period.



# Customer Relationship Management (CRM)

**Military Service**

**NAM**

**Major Claimant or Command**

**CAM**

Service Level Agreement

By military service - four major customer accounts - National Account Manager (NAM)

By major claimant or command - Customer Account Manager (CAM)

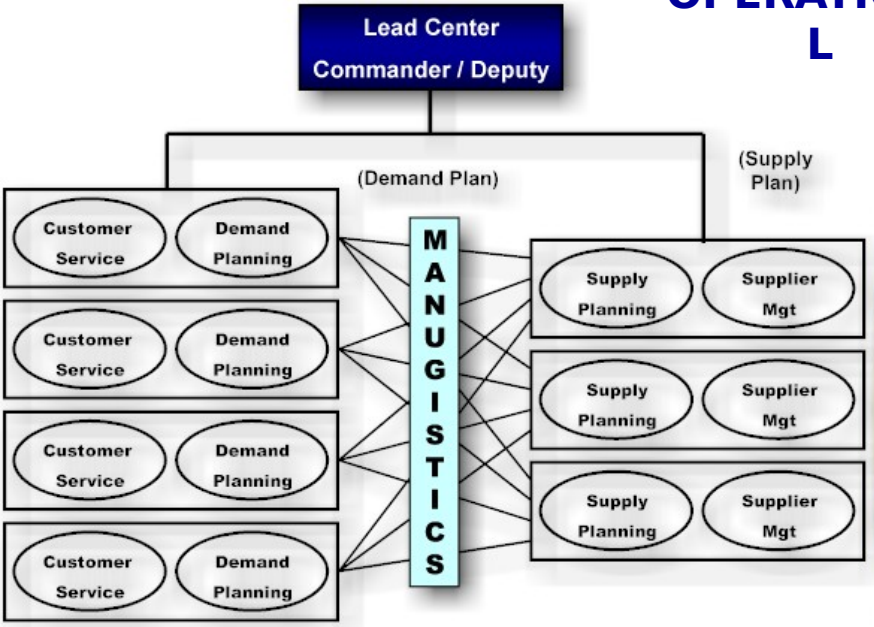
**STRATEGIC OPERATIONAL**

**Customer A**  
**Customer B**  
**Customer C**

**CSR**

**Customer Support Representatives (CSR)**

Collaboration



**SUPPLIERS**



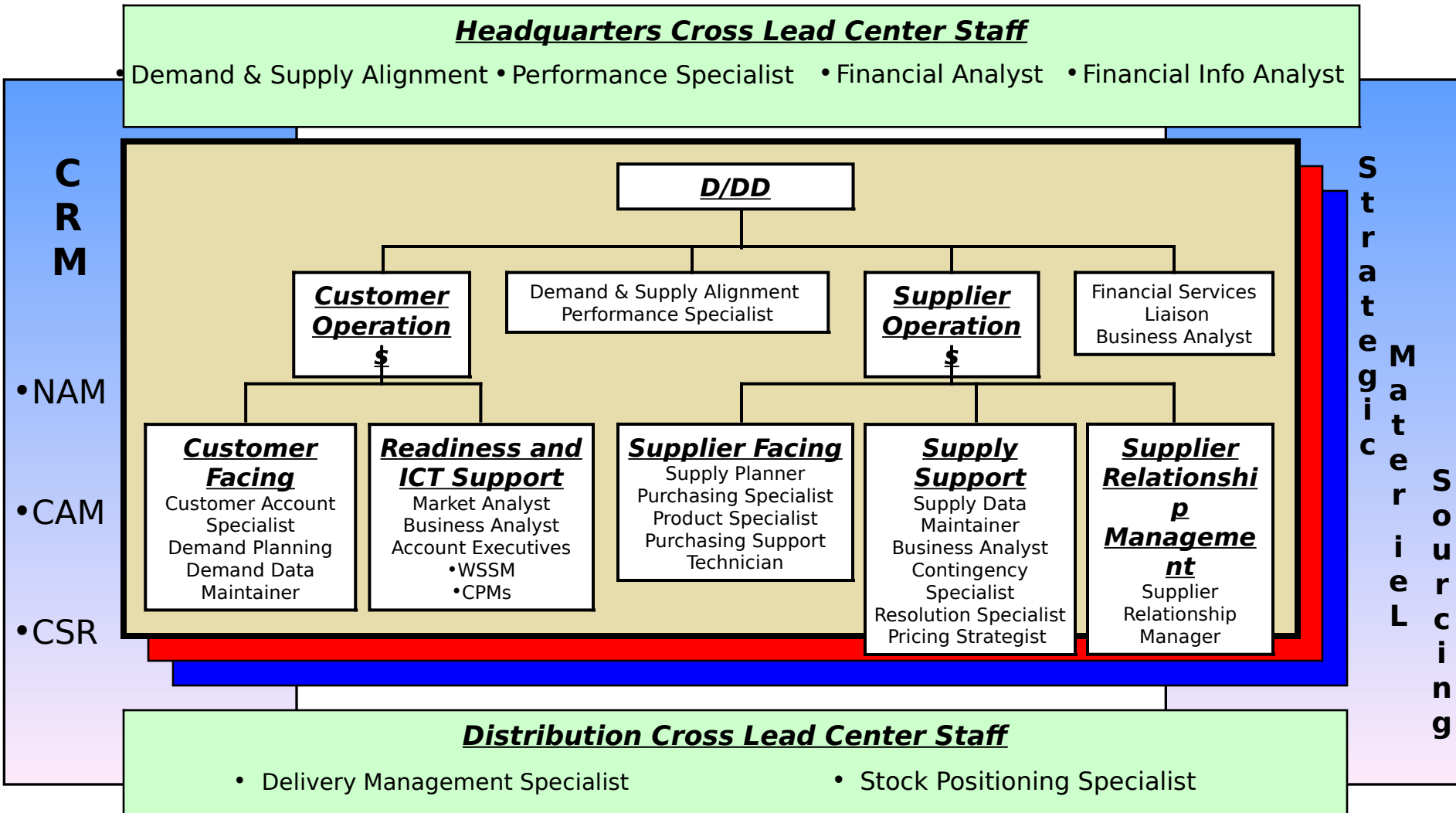
# The People: *Providing the Training, Experience, and Opportunity to Succeed*

- **Business process changes affect:**
  - **How work will be done**
  - **Who does it**
  - **Organizational relationships to support it**
- **“Customer Driven” DLA Strategy direction affects how we face the customer**





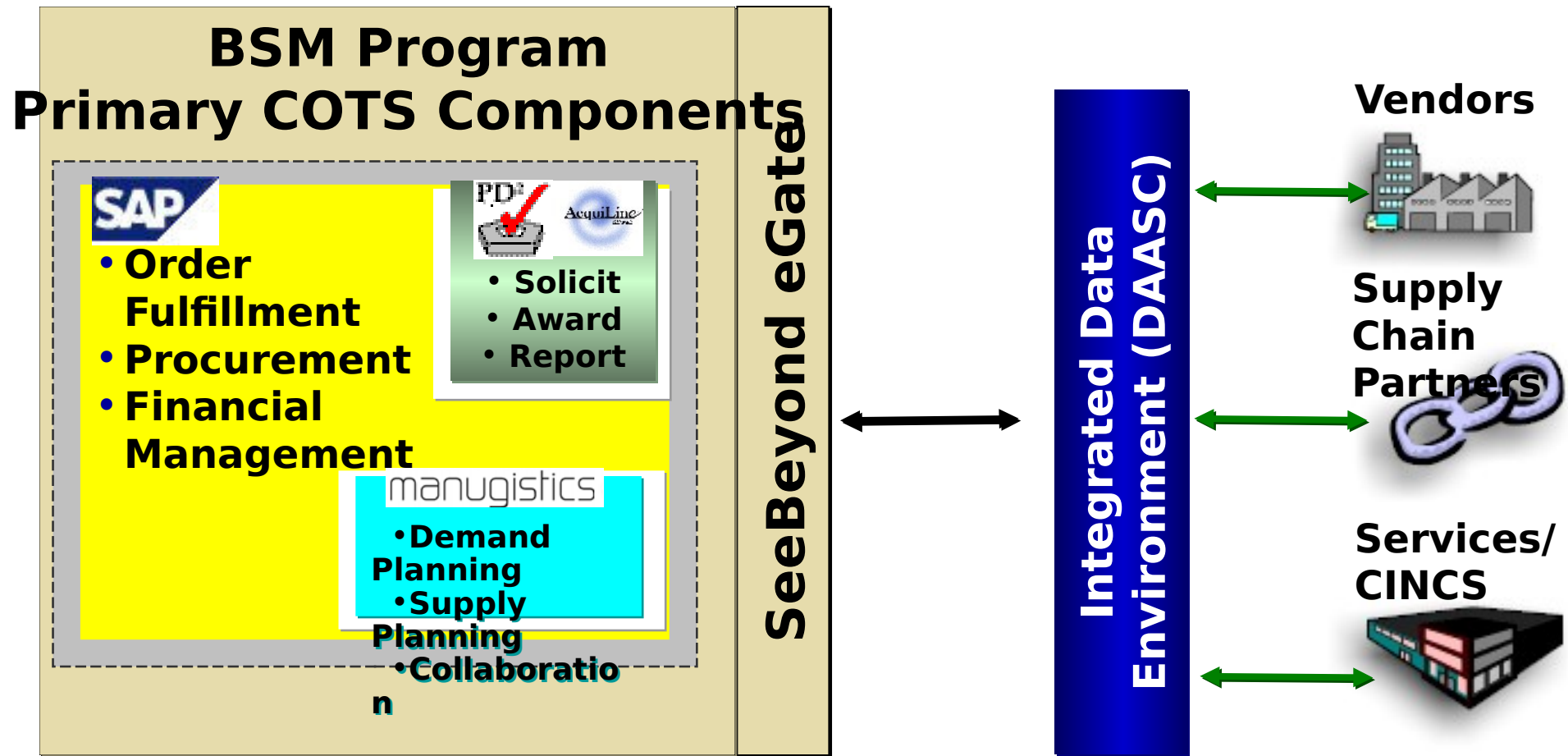
# Standard Organization Structure





# BSM Technical Blueprint

## The Core of DLA's Systems Architecture

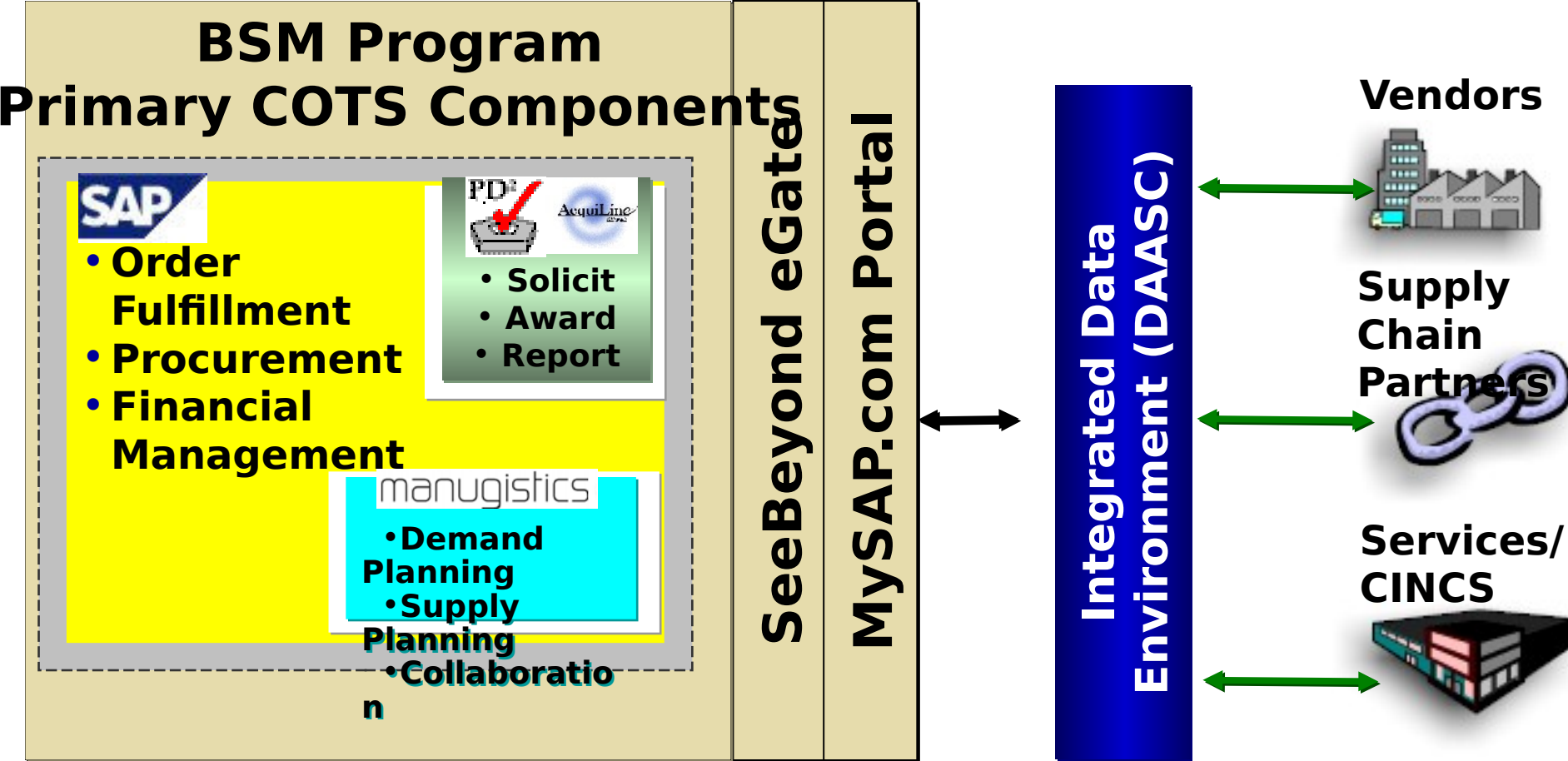






# BSM Technical Blueprint

## The Core of DLA's Systems Architecture





# What the Customer and Employee Will See

The BSM solution utilizes web-based technologies to access a secure BSM client-server architecture



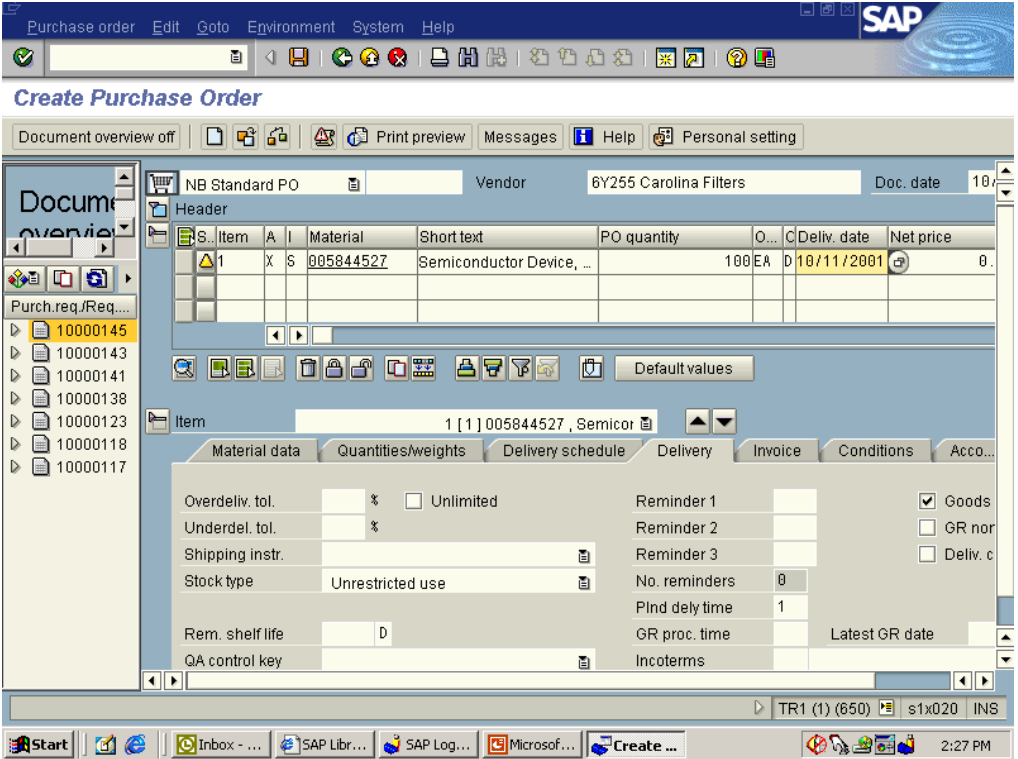
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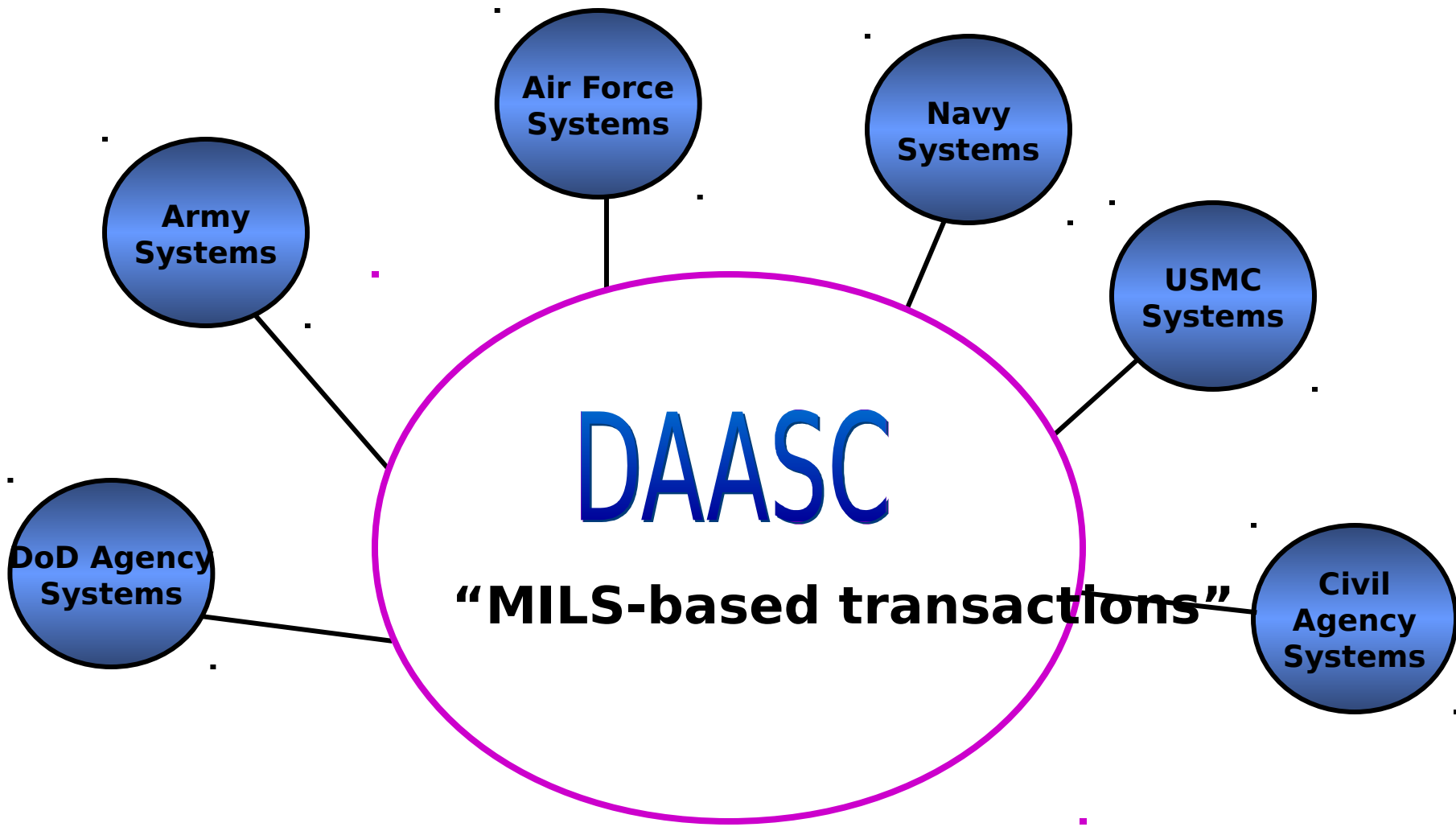
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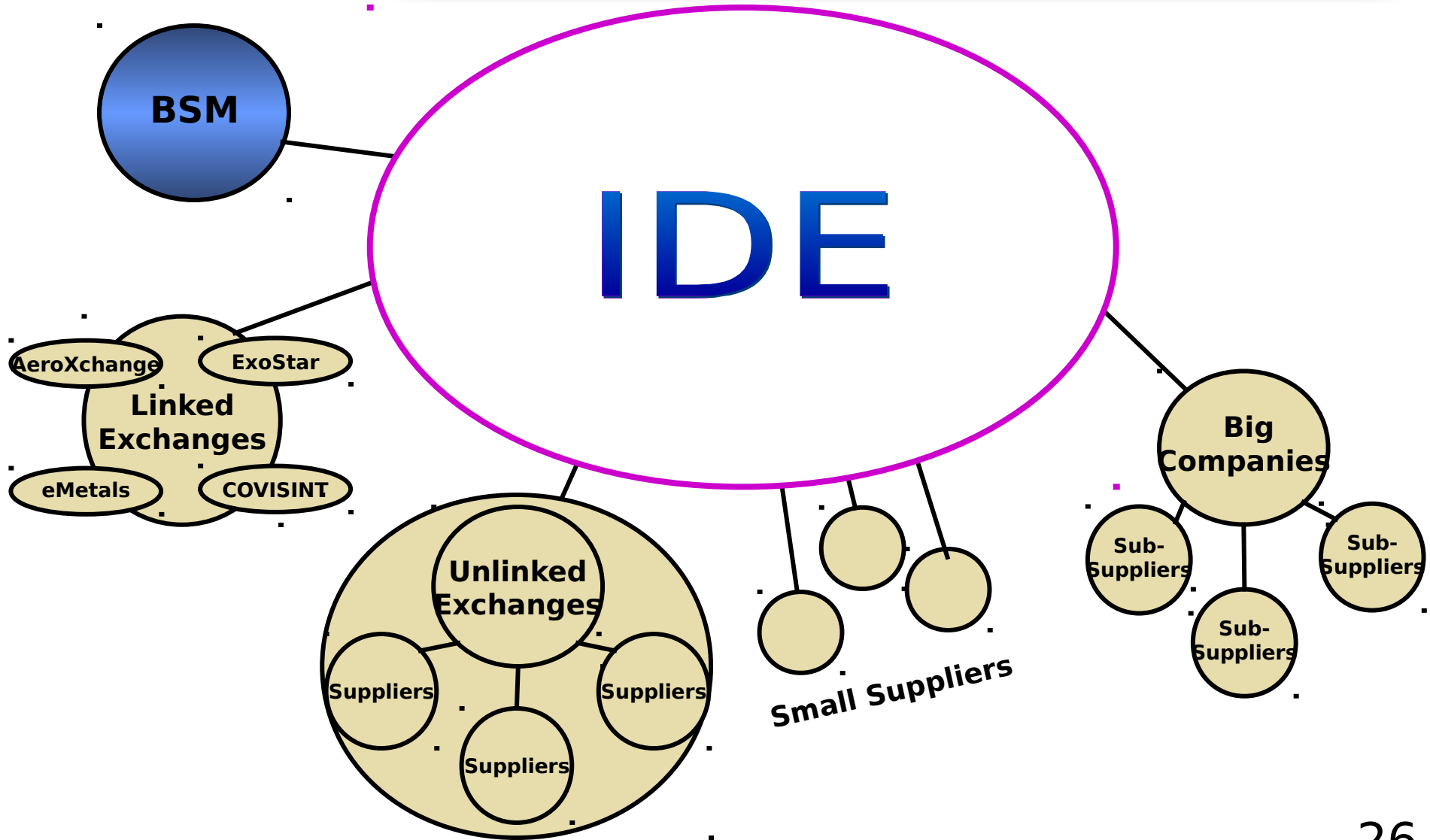


# Business to Business Legacy Environment



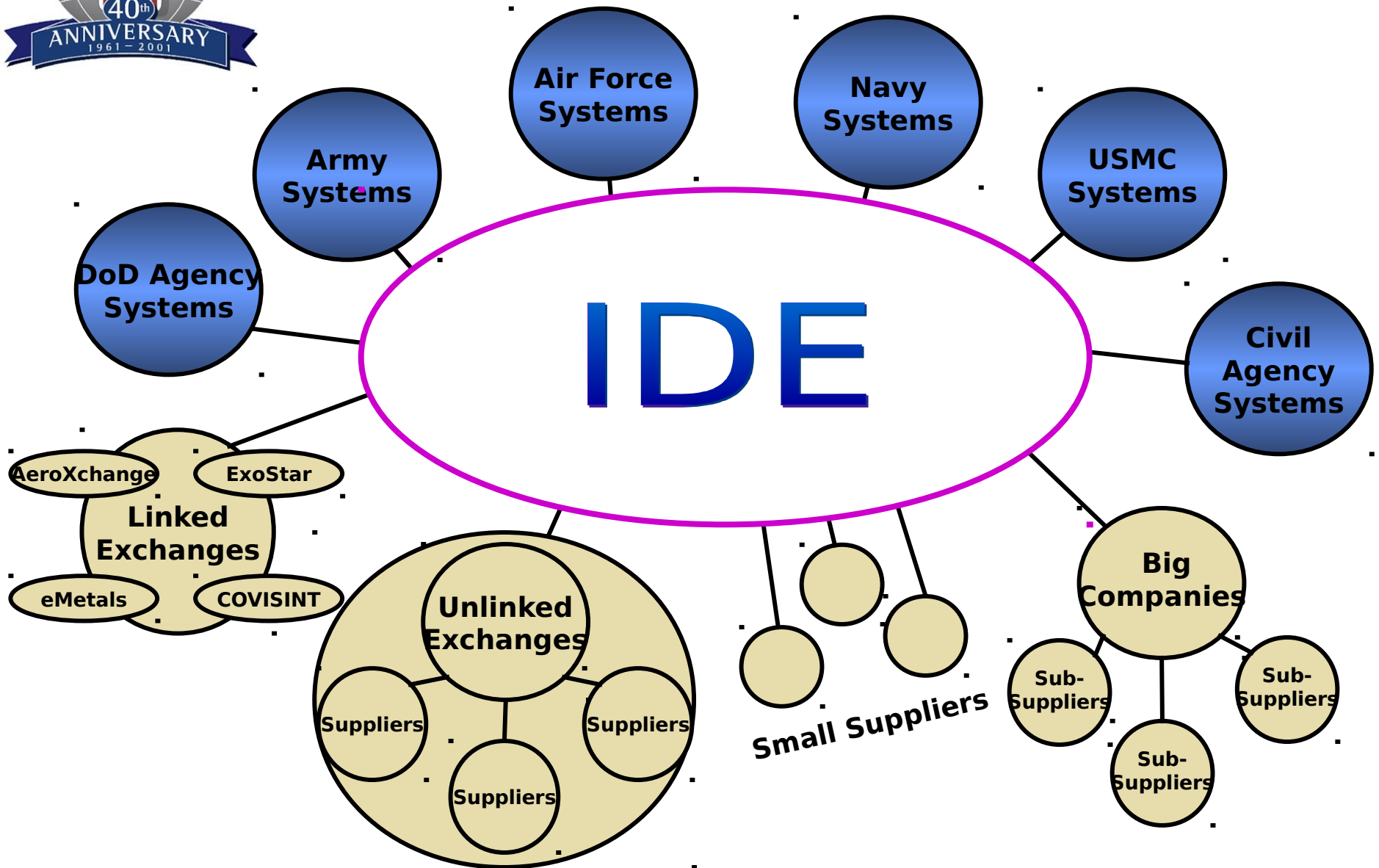


# Business to Business Environment





# Business to Business Environment





# Why DoD Needs a Logistics Integrated Data Environment

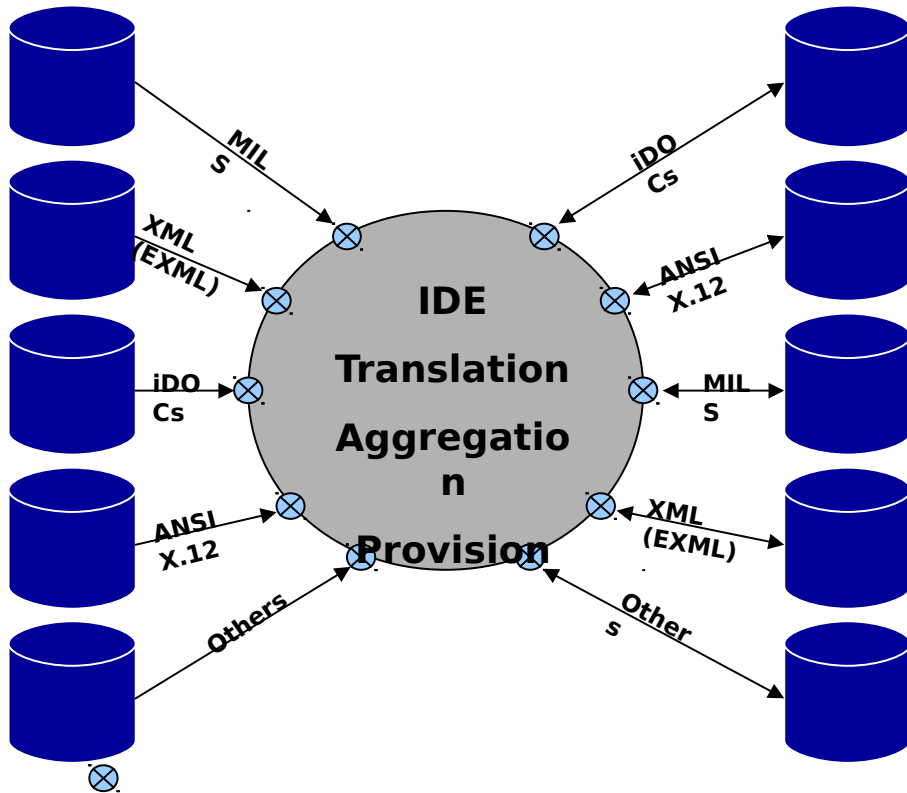
- **Builds on a foundation of success..."MILS"**
- **Allows modernization to be paced within service priorities and resource constraints**
- **Supports collaboration and cost sharing without impeding individual project schedules**
- **Promotes common business practices rather than standard system solutions**
- **Ensures continued interoperability by promoting standard business rules**
- **Similar to trading exchanges being embraced by industry**
- **Facilities "outsourcing" process versus systems**



# IDE Data Translation Service

## DATA PROVIDERS

## DATA USERS



Interface (Reusable)

## Capabilities

- Information exchange between and across services, agencies, industry, transporters, and financial institutions
- Provides common reach back capability to reference data
- Supports logistics processes such as requisition processing, order placement, invoicing, shipping, receipt, and returns
- Allows users/providers to conduct business



# DoD Logistics Integrated Data Environment *A Viable Migration Path*

**Yesterday**  
**1960-1999**

- Non-standard custom systems
- Interoperability supported by documented conventions and business rules
- Obsolete EDI formats constrained to DoD
- DAASC provided a viable and proven transaction hub



**2000-2005**

- Separate ERP systems implementation
- Interoperability supported by documented conventions and business rules
- ANSI X.12 EDI formats open to commercial markets
- Repository and collaborative services to support IDOC/BAPI development
- DAASC provides a transaction hub and robust translation services

**Tomorrow**  
**w 2006+**

- Integrated ERP systems
- Interoperability supported by documented conventions and business rules
- Repository and collaborative services to support development
- DAASC provides state of the art information exchange among

DoD and commercial



# **An IDE Enables Achievement of...**

- **A logistics modernization constrained by the realities of resource availability**
- **Implementation of commercial exchange standards rather than proprietary information standards**
- **Supply Chain Management...end-to-end visibility**
- **True eBusiness (B2B), not just “browse and buy”**
- **Standard business rules..interoperability**
- **End-to-end logistics performance metrics (e.g., customer wait time)**
- **Incremental modernization and accelerated end-to-end business process improvement**



# Summary...Bottom Line

**BSM is a great deal more than an IT project**

**...BSM is the catalyst to transform DLA by:**

- **Reengineering by fielding best practices**
- **Providing the capability to manage the supply chain ... factory to foxhole**
- **Improving service by focusing on customer and supplier relationships**
- **Providing the training, experience, and opportunity to succeed in this new environment**
- **Replacing legacy materiel management systems (SAMMS and DISMS) with COTS**

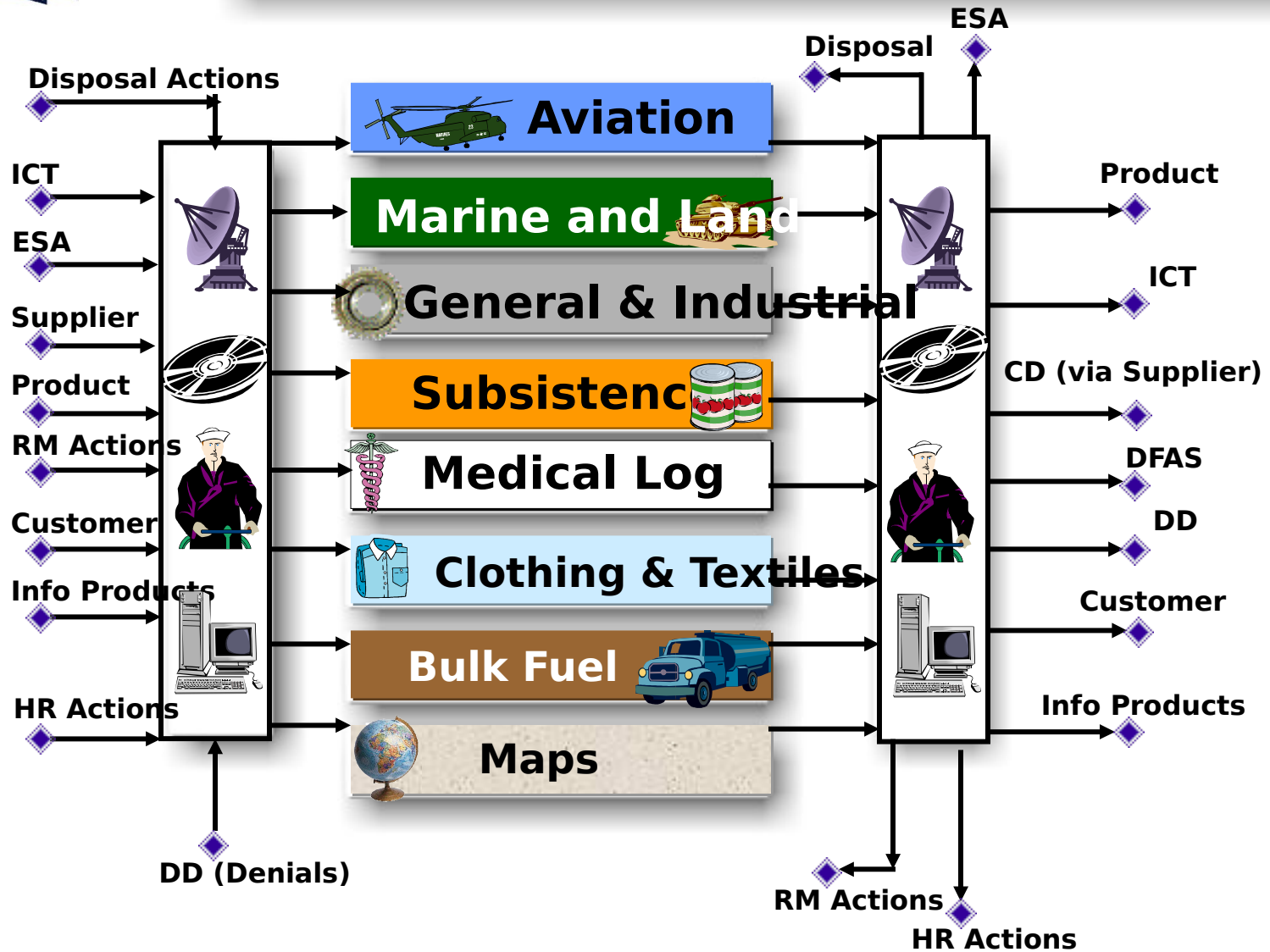




# Backups



# Lead Centers Detail





# BSM Enterprise Design

## Order Fulfillment

Process/Subprocess	SAP	Manugistics	PD <sup>2</sup>
Manage Customer Profile	X		
Process Customer Order	X		
Perform Availability Check	X	X	
Assign Pricing	X		
Process Backorders	X		
Manage Kitting	X	X	
Manage Delivery	X		
Manage Accounts Receivable	X		
Issue Invoices	X		
Collect Payments	X		





manugistics





# BSM Enterprise Design

## Order Fulfillment (Cont)

Process/Subprocess	SAP	Manugistics	PD <sup>2</sup>
<b>Manage Customer Relationship</b>			
• Manage Customer Requests	X		
• Manage Customer Returns	X		
<b>Manage Inventory</b>			
• Receive Inventory	X		
• Maintain Inventory	X		
• Manage Inventory Availability	X	X	
<b>Manage Asset Visibility</b>	X		
<b>Stock Transfers</b>	X		
<b>Issue Inventory</b>		manugistics	



# BSM Enterprise Design *Planning*




Process/Subprocess	SAP	Manugistics	PD <sup>2</sup>
<b>Manage Demand History</b>		<b>X</b>	
<b>Capture Demand History</b>		<b>X</b>	
<b>Develop Timed Phased Inventory Plan</b>		<b>X</b>	
<b>Generate Demand Forecast</b>		<b>X</b>	
<b>Create Supply Plan</b>		<b>X</b>	
<b>Evaluate Demand Plan Performance</b>		<b>X</b>	
<b>Optimize Distribution Network</b>		<b>X</b>	





# BSM Enterprise Design

## Procurement

Process/Subprocess	SAP	Manugistics	PD <sup>2</sup>
Manage Master Data	X		
Manage Materiel Master	X		
Manager Vendor Master	X		X
Manage Purchasing Master Data	X		
Manage Purchase Requisition	X		X
Convert Supply Plan			X
Manage Solicitations			X
Determine Readiness Capability	X		
Receive and Evaluate Offer/Quote			



# BSM Enterprise Design

## Procurement (Cont)

Process/Subprocess	SAP	Manugistics	PD <sup>2</sup>
<b>Prepare Aware and Process Release Order</b>	<b>X</b>		<b>X</b>
<b>Administer Award</b>			<b>X</b>
<b>Manage Suppliers and Industrial Capacity</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Manage Accounts Payable</b>			
• <b>Verify Invoice</b>	<b>X</b>		
• <b>Process Payment</b>	<b>X</b>		
<b>Evaluate Vendor Performance</b>	<b>X</b>		<b>X</b>
<b>Perform Independent Quality and Tech Review</b>	<b>X</b>		



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# BSM Enterprise Design

## *Finance*

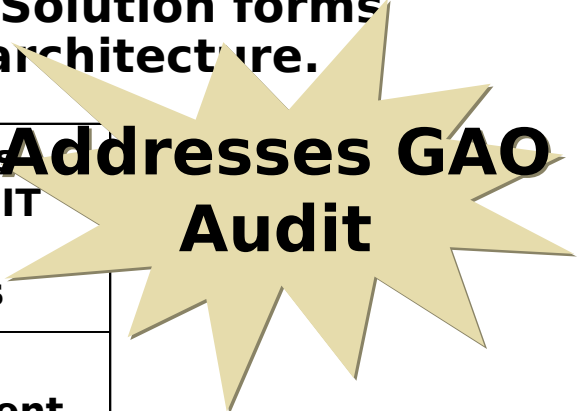
Process/Subprocess	SAP	Manugistics	PD <sup>2</sup>
<b>Manage Budget</b>			
• <b>Plan and Formulate Budget</b>	X		
• <b>Execute Funds Control</b>	X		
• <b>Forecast Cash</b>	X		
<b>General Ledger</b>	X		
<b>Cost Center Accounting</b>	X		
<b>Cost Allocation</b>	X		
<b>Profitability Analysis</b>	X		





# Clinger-Cohen Act Enterprise Architecture

**DLA is developing an Enterprise Architecture in close coordination with BSM Program. The BSM Solution forms the basis of the future DLA information architecture.**



<b>Purpose: Establish broad agency policy that implements use of enterprise architecture to guide and discipline IT investment decisions.</b>	
<ul style="list-style-type: none"> <li>• Support the identification and evaluation of programs and initiatives - areas, systems, and infrastructure</li> <li>• A roadmap for future modernization</li> <li>• All IT investments</li> </ul>	<b>Processes</b> <ul style="list-style-type: none"> <li>• Architecture development in context of strategic planning, mission analysis, and systems life cycle processes.</li> <li>• Architecture enforcement through portfolio management process</li> </ul>
<b>Management</b> <ul style="list-style-type: none"> <li>• Modernization Executive Board (oversight)</li> <li>• J-6 Information Operations               <ul style="list-style-type: none"> <li>- IT Solutions</li> <li>- Operational, Systems, Technical Architecture</li> </ul> </li> <li>• J-1/J-3/J-8 (mission analysis/business practices)</li> </ul>	<b>Implementation Plan: sets forth objectives, strategy, responsibilities, and milestones</b>



# Clinger-Cohen Act Incremental Investment

**DLA is conducting an incremental investment  
in BSM Program**

- **Overarching umbrella contract awarded with eleven separate task orders**
- **Modernization Executive Board to examine and approve award of each task order**
- **BSM Solution being developed in four releases/increments**
- **Economic Analysis to examine Return on Investment (ROI) by increment**

**Addresses GAO  
Audit**



# Security

**BSM security provides PKI and single sign-on capabilities to the BSM user**

- **Role based security across BSM applications**
- **DoD based PKI certification - level 3 CERTS**
- **Single sign-on access to all BSM solutions**
- **COTS based solution**
- **Secure network communications (ports, firewalls, encryption)**
- **Intrusion detection**
- **Compliant with DoD Security Regulations**



# Process Improvements - Demand Planning

**Today**



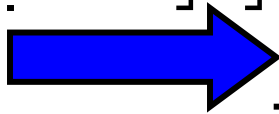
**BSM**

- **Plan by Item**
- **Single/Static Forecast**
- **Quarterly Forecast**
- **Limited Customer Input**
- **Tabular Display**
- **No Fitted History/Forecast**
- **No User Interaction with Models**
- **Decentralized Systems**
- **Plan by Customer, Item, and Location**
- **Variable/Time Phased Demand Plan**
- **Monthly Planning Horizon**
- **Extensive Collaboration with Customer**
- **Graphical and Tabular Display**
- **Fitted History/Forecast**
- **User Interaction with Models**
- **Single Demand Planning System**



# Process Improvements - Supply Planning

**Today**



**BSM**

- **Forecast by Item**
- **Single Reorder Point Based**
- **Batch Execution Twice a Week**
- **Decentralized Systems**
- **Forecast by Item and Location (SKU)**
- **Time Phased Inventory Plan**
- **Daily and On-Demand Execution**
- **Single Supply Planning System**



# Improvements -Procurement and

**Today**



Finance **BSM**

- 
- **Multiple Contact Writing Applications**
  - **Single Line Transactions**
  - **Multiple Web-based Applications**
  - **Batch Processing**
  - **Invoice Required for Payment**
  - **8 Ledgers to Consolidate**
  - **Inventory Valued at LAC - Not GAAP Compliant**
  - **Single Contact Writing Application**
  - **Multi-line Transactions**
  - **Common Web-based Solution**
  - **Real Time Updates**
  - **Pay on Receipt (ERS)**
  - **Single General Ledger Using USSGL Chart of Accounts**
  - **Inventory Valued at Moving Average Cost - GAAP/ CFO Compliant**



# Process Improvements - Order Fulfillment

**Today**



**BSM**

- 
- **Orders Processed**  
“First In - First Out”
  - **Single Line Orders**
  - **Order Status Transactions**
  - **Inventory Reconciliation Between SAMMS & DSS**
  - **All Operations Costs Included in Cost Recovery Rate**
  - **Orders Processed by**  
“Required Delivery Date”
  - **Multi-line Orders**
  - **On-line Account Visibility**
  - **Synchronized Inventory Balances**
  - **Premium Services (Transportation, Expedited Processing) and Discounts (Volume Purchase)**